- Mimi Dawson scoring early at FCC
- Texas Show opens in San Antonio
- CAB puts a wrap on first advertising conference
- What's up with Cablecom/Cap Cities?

C89202-2

CableVision

The news and features weekly of the cable television industry

Feburary 22, 1982

Clive Runnells
Cable Texas Style

CVFL20014CON452 05/30/82-2
CONGRESSIONAL INFO SERVICE
4520 EAST-WEST HIGHWAY
WASHINGTON DC 20014

PLUS

When to sell small systems
Cross-ownership clarified

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CableVision

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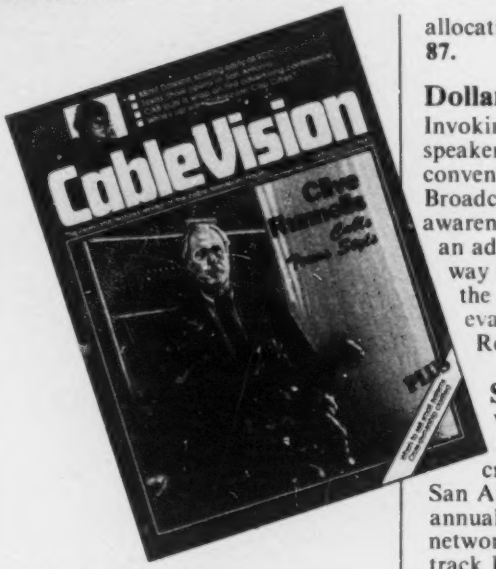


On the cover

A man of many hats. . . that's Clive Runnells. He and his Gulf Coast Cable Television system survived a shootout in Houston, throughout the franchise proceedings and a subsequent lawsuit. With ranching, mutual funds and cable television involvements, Runnells lives the philosophies espoused by his great-grandfather, Shanghai Pierce. Washington Bureau Chief Patrick Gushman profiles the man and his world. *CV Plus*, **p. 108.**

Close encounter

Theories and predictions flowed freely at CAB's first annual Cable Advertising Conference, Feb. 9-10 in New York City. A crowd of 1,300 elbowed each other to catch the latest word in cable happenings. **Page 13.**

Two million and climbing

A well-financed and complex battle plan has launched Tele-Communications Inc. ahead of the pack. With a subscriber count of two million and a new $7 million Westar V transponder, TCI is still running. **Page 13.**

Straight shooting

No dodging here—FCC Commissioner Mimi Dawson fields tough questions on commission policy and her personal goals in an interview with *CableVision*'s David Price. Dawson responds with straight answers to questions ranging from satellite transponder allocations to low-power TV. **Page 87.**

Dollars divine

Invoking involvement in cable, speakers at the 39th annual convention of National Religious Broadcasters evidenced the group's awareness of the power of cable as an advertising medium. The four-way event included appearances by the best known television evangelists and President Ronald Reagan. **Page 21.**

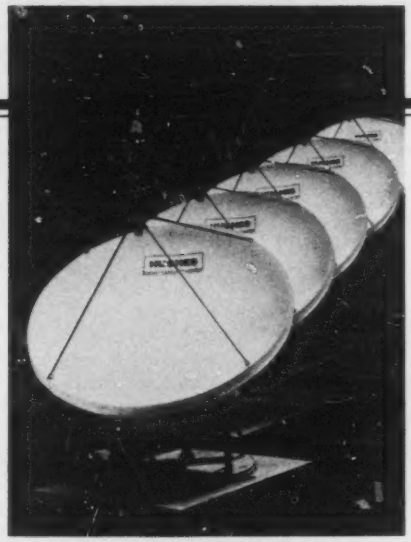
San Antonio sunshine

Winter may be at its peak, but don't tell that to an expected crowd of 2,000 this week in San Antonio, gathering for the annual Texas Show. Several cable networks are warming up efforts to track Lone Star State operators, in between speakers, food, down south music and another CTAM track day. **Page 131.**

This week in *CableVision Plus*

The Gulf Coast Cable Television system and the personality of its founding father, Clive Runnells, are definitely intertwined. That's apparent in this week's lead article by Patrick Gushman, Washington bureau chief. The Business/Finance theme continues in Gary Rothbart's examination of small systems and their survival tactics in the cable sea of big and bigger fish. Finally, David Price confronts the cross-ownership issue, detailing the report and examining the subsequent response. **Pages 105-128.**

How to profit from the first name in second and third earth stations.



New birds, new programs. Hughes has been the first name in earth terminals since the first satellites. But with GALAXY I soon joining SATCOM and WESTAR you'll need a second and even third earth station. And again, Hughes is the first choice.

We expand as you expand. Our 3.7 meter antenna provides excellent picture quality and reasonable safety margin in most of the U.S. But when you want more insurance against satellite degradation, or higher safety margin, simply add our unique expansion ring* and you'll have a 5 meter antenna. Or, if you're farther north or south, start with our 5 meter antenna that's easily expanded to 6 meters. Both focal point and cassegrain feed options are available.

New antennas without new coax. Hughes pioneered a two-part system that lets you install the downconverter at the antenna and the receiver elsewhere. The signal can share existing coax, or you can connect the two with low-cost trunk cable

Check out our 2 year warranty. Because our system has been field-proven for many years, we have the confidence to offer a full 2-year warranty, backed by a 48-hour exchange program.

For more information write or call:

Hughes MICROWAVE™ COMMUNICATIONS PRODUCTS

P.O. Box 2999, Torrance, CA 90509
(213) 517-6233 or toll free outside of California (800) 421-5748.

HUGHES
HUGHES AIRCRAFT COMPANY

©1981

See us at the Texas Show at Booths #642 & 644.

Close encounter

Standing room only crowd gets fulls dose of ideas, theories and predictions

NEW YORK—Sold out.

There wasn't even elbow room in the Waldorf Astoria's Grand Ballroom where 1,300 participants fought for seating during CAB's first annual Cable Advertising Conference held Feb. 9-10.

Cable's crystal ball prompted a variety of readings. Topics such as "How Cable Is Evolving" and "The Shape of Cable's Growth" were among the predictive sessions that dominated the first day. An aptly named antidote to blue-sky musings, however, came in "What's Happening in the Real World," focusing on a new round of cable studies offering perspective on the present.

Analyst and publisher Paul Kagan forecast $2 billion in cable ad revenues in 1991, up from an estimated $100 million in 1981. For the shorter term, he acknowledged, his projections had fallen short. He had looked to $35 million in spot sales last year and told the forum the accurate figure was $16.7 million.

Case histories from Kraft, Mazda and Anheuser-Busch followed, as company representatives discussed varied approaches to cable advertising.

The morning session was capped by comments from Carter Bales and Sharon Patrick of McKinsey & Company, who shared the results of their intensive, year-long study of how advertisers and agencies are handling cable evaluation, planning and buying.

McKinsey interviewed directors at 25 of the largest agencies during 1980, then conducted two telephone surveys in October 1980 and 1981 with key corporate advertisers and buyers.

The first statistic they noted was

(Continued on page 43.)

Going for the gold

TCI unleashes multifaceted, well financed battle plan that has put the firm ahead of the pack

DENVER—Tele-Communications, Inc., is now number one—more than two million subscribers and still counting. And with its new $7-million Westar V transponder, TCI is well positioned to create the first nationwide addressable system.

Fortified with the numbers and the bird, TCI is starting to get tough with program suppliers, some of whom reportedly are beginning to complain about President John Malone's stiff terms.

A $500-million budget in 1981 was behind the shopping spree that put the company clearly ahead of ATC and Teleprompter, Malone said last week.

Also in the works are plans to create a national addressable system with a centralized administration, Malone revealed. He confidently predicted TCI would have some three million subscribers by the end of 1984.

Determined not to watch his commanding advantage disappear in the pockets of program suppliers, Malone only is accepting deals that make dollars and sense to operators.

"Let me put it this way," said Malone. "If I were a cartoonist I would show five camels all with their noses under the cable tent so that the tent is no longer on the ground. In fact, it is airborne. That's the Malone view of the jeopardy the independent cable operator is in."

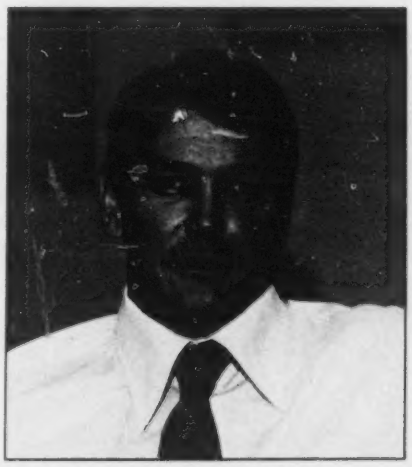
"We're the last best hope of the little operator because we are showing what he has to do, not just to give his system away to the program suppliers.

"If he watches what we do, he will learn that he has got to protect himself, too. Because otherwise he'll be like that independent theater owner who has given 90 percent of the gross and half the popcorn receipts to carry a movie and I think it would be very sad to see this industry go that route."

Make no mistake about it, Malone's TCI machine is not about to be bamboozled by fly-by-night program peddlers. "The program suppliers are upset with us," said Malone, "because if this gets to be common knowledge then the independents may be a lot slower in signing these long-term contracts. TCI is saying we have to protect ourselves for the future."

And what is that future likely to be? "If the cable industry ultimately goes the route of the broadcasting industry to where the bulk of the revenues come out of advertising—and I'm not saying that's going to happen—but if it did, the cable industry has given itself away," said Malone.

Malone would not describe the terms that are sticking in suppliers' throats, but he did express his strenuous objection to some, namely Ted Turner's WTBS, whose policy is to heavily promote their own services. "That's where we're having a little trouble with Ted," said Malone. While WTBS is on many TCI systems, CNN is on very few, a fact that has prompted Turner's letter-writing campaign urging city officials to lean on TCI.



John Malone spoke with CableVision *about new moves to capture number one spot among MSOs.*

"He started this war, and he's apologized publicly. But he's still doing it. That's Ted," Malone said in good humor.

With the majority of TCI systems in backwater locales—only 25 percent now are carrying more than 12 channels—the competition for TCI's space could get fierce, leading one to conclude the suppliers with the biggest bucks will have the best shot.

But Malone denies he is going to auction off his channels. "We're not out there looking to rape the program suppliers," he said. The first requirement is quality. "They have to have

"THE WEATHER CHANNEL WILL BE UNIQUE; A NATIONAL WEATHER NETWORK THAT'S VERY, VERY LOCAL."

John Coleman, President, The Weather Channel

Introducing The Weather Channel. Local weather that will be more than just interesting. It could be life-saving.

When a storm approaches your area, The Weather Channel will offer the most up-to-the-second information available.

Local radar will show the storm's size, proximity, and progress. All official weather warnings for your community will be displayed immediately, and continuously updated to provide the fullest information.

The severity and direction of a major storm can change instantly. And, tuned to The Weather Channel, your subscribers will have time to act.

Our normal local coverage will include a five-page local forecast. It will also include local temperature, humidity, wind, and precipitation sensors across the bottom of the screen while "Super Radar," satellite pictures, and national and regional temperatures are being presented.

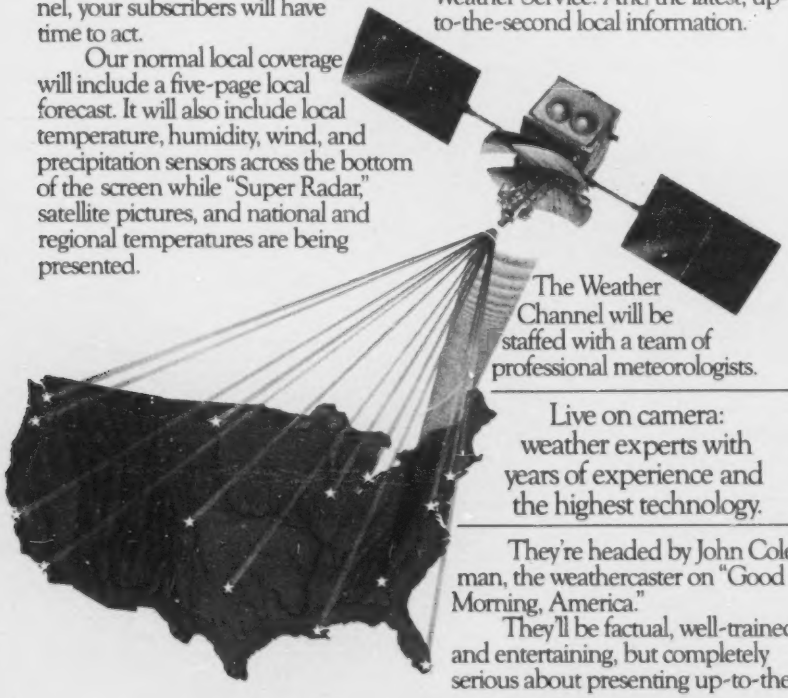
For the first time, your subscribers will see the weather the way it should be seen.

Live, continuous local, regional, and national weather like it's never, ever been done before.

They'll see exclusive "flow forecasts" that show the weather headed their way.

They'll see color-enhanced satellite pictures, never seen on TV before.

They'll get detailed regional weather. Immediate computerized observations from the National Weather Service. And the latest, up-to-the-second local information.



The Weather Channel will be staffed with a team of professional meteorologists.

Live on camera: weather experts with years of experience and the highest technology.

They're headed by John Coleman, the weathercaster on "Good Morning, America."

They'll be factual, well-trained, and entertaining, but completely serious about presenting up-to-the-second weather information in the best possible way.

They'll use the finest visual and weather equipment available today.

There's never, ever been anything like The Weather Channel to make money for you.

The Weather Channel will reach you 24 hours a day via RCA's Cablenet I satellite.

Local weather information will be displayed by The Weather STAR (Satellite Transponder Addressable Receiver).

When you affiliate with The Weather Channel, we provide you with The Weather STAR and local weather sensors.

We also provide you a keyboard for local advertising crawls. And that's not all. You'll have two minutes of video and audio commercial time to sell every hour.

For profit, and for giving your subscribers the very best local weather, there has never, ever been anything like The Weather Channel.

THE WEATHER CHANNEL

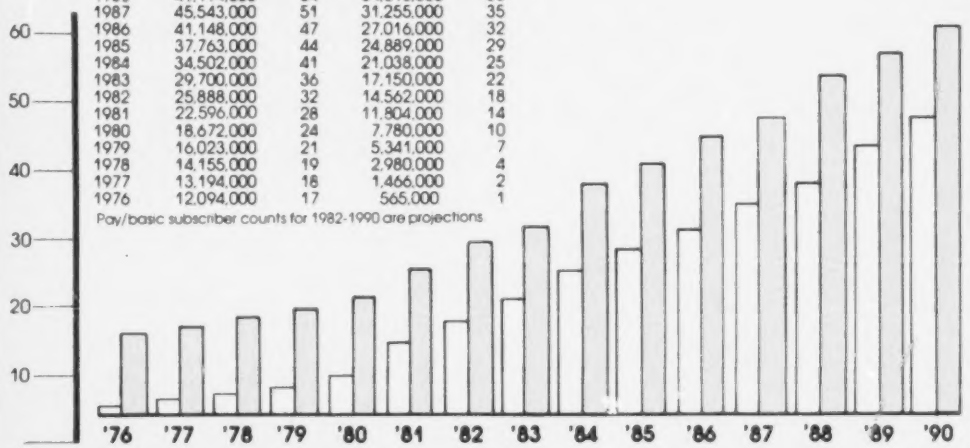
A cable programming service of
LANDMARK COMMUNICATIONS, INC.

For more information on the Weather Channel Call Dean Waite at (404) 434-6800.

Pay/basic cable growth

Year	Basic Subscribers	% of TVHHs	Pay Subscribers	% of TVHHs
1990	57,812,000	61	43,596,000	46
1989	53,882,000	58	39,018,000	42
1988	49,194,000	54	34,618,000	38
1987	45,543,000	51	31,255,000	35
1986	41,148,000	47	27,016,000	32
1985	37,763,000	44	24,889,000	29
1984	34,502,000	41	21,038,000	25
1983	29,700,000	36	17,150,000	22
1982	25,888,000	32	14,562,000	18
1981	22,596,000	28	11,804,000	14
1980	18,672,000	24	7,780,000	10
1979	16,023,000	21	5,341,000	7
1978	14,155,000	19	2,980,000	4
1977	13,194,000	18	1,466,000	2
1976	12,094,000	17	565,000	1

Pay/basic subscriber counts for 1982-1990 are projections



Cable barometer

Television households (TVHH) ... 80,700,000
Homes passed by cable (HP) 41,574,977
Percent of TVHH passed by cable 51.52%
Basic cable subscribers 22,596,000
Percent of TVHH with basic cable .. 28.00%
Percent of HP with basic cable .. 54.35%
Pay cable subscribers 11,804,000
Percent of TVHH with pay cable 14.62%
Percent of HP with pay cable 28.39%
Percent of basic subs with pay cable 52.24%

Franchising in the top 50

Rank	Market	Status of Core City
1.	New York	Manhattan-OP/four unwired boroughs-FP
2.	Los Angeles	City is divided into seven parts
3.	Chicago	BP
4.	Philadelphia	City is divided into four parts (1 OP/3 FP)
5.	San Francisco	OP (system to be upgraded)
6.	Boston	FG
7.	Detroit	BP
8.	Washington, D.C.	LNA
9.	Cleveland	BP
10.	Dallas/Ft. Worth	Two systems-OP
11.	Pittsburgh	OP
12.	Houston	OP
13.	Minneapolis/ St. Paul	FP
14.	St. Louis	BP
15.	Seattle/Tacoma	City is divided into four parts (2 OP/1 FG/1 BP)/ Tacoma-OP
16.	Atlanta	OP
17.	Miami	FG
18.	Tampa/ St. Petersburg	BP/OP
19.	Baltimore	BP
20.	Denver	FP
21.	Indianapolis	FG (to be turned on shortly)
22.	Sacramento/ Stockton	BP/OP
23.	San Diego	OP
24.	Portland	City is divided into two parts (1 OP/1 FG)
25.	Kansas City	OP
26.	Hartford/New Haven	Two systems-OP
27.	Cincinnati	OP
28.	Milwaukee	FP
29.	Buffalo	OP
30.	Nashville	OP
31.	Phoenix	OP
32.	Columbus	Four systems-OP
33.	Providence/ New Bedford	LNA/OP
34.	Memphis	OP
35.	Charlotte	OP
36.	New Orleans	FG
37.	Greenville/Spartansburg/Asheville	Three systems-OP
38.	Grand Rapids/Battle Creek/Kalamazoo	Three systems-OP
39.	Oklahoma City	OP
40.	Orlando/ Daytona Beach	Two systems-OP
41.	Raleigh/Durham	Two systems-OP
42.	Louisville	Two systems-OP
43.	Charleston/ Huntington	Two systems-OP
44.	Birmingham	OP
45.	Salt Lake City	OP
46.	Harrisburg/York/ Lancaster/Lebanon	Four systems-OP
47.	Norfolk/Newport News/New Hampton/ Portsmouth	Four systems-OP
48.	Wilkes-Barre/Scranton	Two systems-OP
49.	Albany/ Schenectady/Troy	Three systems-OP
50.	Dayton	OP

Legend

OP—operational
FG—franchise granted
FP—franchise pending
BP—beginning process
LNA—little or no action

Based on chart from the National Cable Television Association report on cable franchising, using Arbitron's designated market areas.

National cable advertising

This chart lists national advertising sales by the basic cable networks during January 1982.

Network/client	Status
BET	
Amtrak	Renewal
Anheuser-Busch	Renewal
Carson Products	Renewal
General Electric	Renewal
General Foods	Renewal
General Mills	Renewal
Ford (Lincoln Mercury)	Renewal
Philips Petroleum Co.	Renewal
Pepsico	Renewal
Sears	Renewal
U.S. Army	Renewal
U.S. Navy	Renewal
Westinghouse	Renewal
Wrigley's	Renewal
Xerox	Renewal
CNN	
American Home Products	Renewal
AT&T	Renewal
Borden, Inc.	New client
Cheesborough-Ponds	Renewal
Exxon	Renewal
G.D. Searle	New client
General Foods	Renewal
General Motors (Chevrolet/Oldsmobile)	Renewal
Good Housekeeping	New client*
Hinkle Toyota	Renewal
J.C. Penney	Renewal
Lanier Business Products	Renewal
Lipton	Renewal
Magnavox	Renewal
Merrill Lynch	Renewal
Mushroom Shoes	Renewal
Quaker Oats	Renewal
Schefflin Wine	New client
Sears	Renewal
Time-Life	New client
Union Carbide	Renewal
Video magazine	New client*
CBS Cable	
Kellogg's	Renewal
ESPN	
Exxon	Renewal
Kellogg's	New client
Mobil Oil	Renewal
Owens Corning	Renewal
Pepsico	New client
Red Carpet Real Estate	New client*
Richland Shoe	Renewal
Tampax	New client
U.S. Postal Service	New client
Xerox	Renewal
MSN	
General Foods	New client
Hallmark	Renewal
Kraft (Dart-Kraft Ind.)	Renewals
Mattel	Renewal
Pillsbury	Renewal
Schering-Plough	Renewal
Schwinn	Renewal
Sears	New client
Uncle Ben's Rice	Renewal
National Jewish Television	
Haagen-Dazs	New client*
SIN	
American Home Products (Bayer)	Renewal
Phillips Milk of Magnesia	New client
Richardson-Vicks	New client
SPN	
Aer Lingus	Renewal
American Airlines	New client
American Express	Renewal
American Horseman magazine	New client*
American Tourister	Renewal
Avis	New client
Avon Books	Renewal
Columbia School of Broadcasting	New client
Consumer Reports	New client
Diamond International Investment	Renewal
Eastern Airlines	New client
Estee Lauder	Renewal
Florida Department of Commerce	New client
Harlequin Novels	New client
HBO	Renewal
Kodak	Renewal
London Airlines	New client*
Moosehead Beer	New client*
Peugeot	Renewal
Pierre Cardin	Renewal
The Stardust Hotel	Renewal
TWA	New client
Urban General	Renewal
TeleFrance USA	
Chanel	Renewal
Club Med	Renewal
Elf Aquitaine	Renewal
Exxon	Renewal
Remy Martin	Renewal
USA Network	
American Express	Renewal
Atari	Renewal
Avon	New client
Johnson & Johnson	Renewal
Kellogg's	Renewal
Levelor	Renewal
Levi Strauss	New client
Norelco	New client
Spaulding (Questor)	Renewal
U.S. Postal Service	New client
Walt Disney Productions	New client
Warner-Lambert	New client
WTBS	
Bristol-Myers	Renewal
Britt Tech	New client*
ESPN	Renewal
G.D. Searle (Pearle Vision Centers)	New client
Hunter Fan	New client*
Johnson & Johnson	Renewal
Knickerbocker Toys	Renewal
K-Tel	Renewal
Playboy	Renewal
Sears	Renewal
Texas Instrument	Renewal
Union Carbide	Renewal
Wrigley's	Renewal

*New to network advertising.

Regional focus—the Southwest

	Cable Systems	Homes Passed	Basic Subscribers	% Basic Subs/ Home Passed	Pay Subscribers	% Pay Subs/ Basic Subs
Texas	319	2,455,657	1,241 838	51%	819,548	65%
New Mexico	36	263,856	147,334	56%	70,305	48%
Arizona	53	175,052	112,452	64%	40,611	36%

Statistics derived from "CableFile/82."